

**NEW HAMPSHIRE INSURANCE DEPARTMENT
21 SOUTH FRUIT STREET SUITE 14
CONCORD, NH 03301**

INSURANCE LAW CHANGES FOR CALENDAR YEAR 2005

- ***Payment by Electronic Funds Transfer (EFT)***

RSA 400-A:32-b Requires payment by electronic funds transfers in certain circumstances.

Chapter 248 of the Laws of 2005 added the following provisions to the Insurance Code effective January 1, 2006 and following:

“Insurers shall remit taxes by electronic funds transfer according to the following schedule:

- I. When the insurer, or group of insurers, had a tax liability in the prior tax year of **\$40,000** or more, effective January 1, 2006.
- II. When the insurer, or group of insurers, had a tax liability in the prior tax year of **\$30,000** or more, effective January 1, 2007.
- III. When the insurer, or group of insurers, had a tax liability in the prior tax year of **\$20,000** or more, effective January 1, 2008.”

The tax liability for calendar year 2005 is contained on Page 3, Line 28 of the life premium tax form. To be considered timely, the tax payment must be deposited into the Insurance Department’s EFT bank account on or before the payment due date.

For purposes of this law, “group” is defined as all companies included within the NAIC Group Code.

- ***RSA 400-A:32-a Timely mailing provision***

Claims for timely mailing must be supported by “...*the post office cancellation mark stamped upon the envelope or other appropriate wrapper...*” If the payment is not received or the cancellation mark is “...illegible, erroneous or omitted...,’ mail “...shall be deemed filed...if the sender establishes by competent evidence that the report...or other document *was deposited in the United States mail on or before the due date for filing...*”

- ***A Pitney Bowes postal imprint does not qualify as a “post office cancellation imprint”.***

- ***Payment of Annual Statement Filing Fee***

RSA 400-A:36, II provides that “...*The insurer shall pay the fee for filing its annual statement* as prescribed by RSA 400-A:29 at the time of filing or *with the premium tax return, but no later than March 15th*. It is requested that companies continue to pay the filing fee with the filing of the premium tax return.

- ***Premium Tax Due Dates***

Premium Tax Return	March 15 th , 2006
First Estimated Payment	March 15 th , 2006
Second Estimated Payment	June 15 th , 2006
Third Estimated Payment	September 15 th , 2006
Fourth Estimated Payment	December 15 th , 2006

- ***Late Payment Penalty***

RSA 400-A:32 IV “Any insurer failing to file the report required by RSA 400-A:31 or failing to remit the proper tax within the time for filing shall pay a penalty equal to 10 percent on the amount of the tax due.”

Late payment fees shall be assessed. Please note that the word “intentionally” has been removed from the law.

2005 LIFE & ACCIDENT & HEALTH INSURANCE COMPANY INSTRUCTIONS

GENERAL INSTRUCTIONS

ANNUAL STATEMENT FILING DUE DATE IS MARCH 1, 2006.

PREMIUM TAX RETURN DUE DATE IS MARCH 15, 2006
(See RSA 400-A:32-a Timely Mailing)

The premium tax return is due NOT LATER THAN March 15, 2006. Tax returns postmarked on or before March 15, 2006, will be accepted as having been timely filed. Tax statements and tax payments postmarked after March 15, 2006, will be subject to the provisions of RSA 400-A:32, IV, which imposes a 10% penalty for filing after the due date. *Please note that a "Pitney Bowes" postal imprint does not qualify as a post office cancellation mark.*

DO NOT SEND PREMIUM TAX FORM AND/OR CHECKS WITH THE ANNUAL STATEMENT PACKAGE

COMPLETE TAX FORM , FORWARD WITH PAYMENT TO:

**NEW HAMPSHIRE DEPARTMENT OF INSURANCE
21 SOUTH FRUIT STREET SUITE 14
CONCORD, NEW HAMPSHIRE 03301**

MAKE CHECKS PAYABLE TO: TREASURER, STATE OF NEW HAMPSHIRE

PAY IN WHOLE DOLLARS ONLY!

ELECTRONIC FUNDS TRANSFER

The Department accepts electronic funds transfers via either the ACH debit method or the ACH credit method. For those companies choosing the ACH credit method, there are no notification requirements. The company is solely responsible for insuring that the funds are in the State of New Hampshire Insurance Department EFT account on the legal due date.

ACH CREDIT

There are no notification requirements for this method. If the company is switching from ACH debit to ACH credit, please notify the Department of the effective date of the switch.

ACH DEBIT

For the company to use this method, the company must first file an ACH debit authorization form with the Department. Copies of these forms are available on the Department web site. In addition, the company is responsible to provide certain withdrawal information prior to each scheduled due date.

ESTIMATED LIABILITY \$400 OR LESS

RSA 400-A:32,II provides that "...any authorized insurer having an estimated liability of \$100 or less for each quarter shall make payment in full on March 15..." Any company having \$400 or less in taxes due (Page 3, Line 28), must pay the total of all four estimates on March 15, 2006.

ALIEN CORPORATIONS

For retaliatory purposes, "State of Domicile" as used in this refers to State of Entry.

LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION OF 1996

Please refer to germane portions of the law included as an appendix to these instructions.

SEQUENCE ORDER FOR FORMS

The Department has added a sequence number in the upper right hand corner of each form. Please use this number to arrange the forms when assembling the premium tax return.

#1	Page number one
#2	Page number two
#4	State Page
#5	Schedule T
#6	Other deductions supporting schedules
#7	Retaliatory Tax Computations
#9	Business Enterprise Tax Form
#13	Other Credits
#15	Page number 3

ROUNDING

The following lines on the premium tax return should be rounded to the nearest whole dollar:.

Page 3, Line 19 Col 2 and 4

Page 3, Line 28

Page 3, Line 32

Estimated tax for installments due June 15, September 15, and December 15 should be made in whole dollars only.

Cash payments should not be rounded but must be included at the actual amount paid.

WHAT IS TAXABLE?

Gross direct premiums including renewal premiums.

Policy fees.

Membership and other fees.

Policy dividends applied in payment for insurance (additional paid up insurance)

All other considerations for insurance received during the calendar year.

Medicare+Choice Premiums

Most Medicare beneficiaries may choose to receive benefits through one of the following Medicare+Choice plans: Coordinated care plans, which includes health maintenance organizations, Provider-Sponsored Organizations (PSO's) and Preferred Providers Organizations.

Medicare+Choice Premiums received by such organizations on behalf of Medicare qualified individuals are not subject to premium taxation.

Medicaid Premiums *are* subject to premium tax.

ALL DEDUCTIONS FROM GROSS PREMIUMS MUST BE FULLY DOCUMENTED

DOCUMENTS REQUIRED TO BE FILED

- 1) Schedule T for the current year.
- 2) New Hampshire State Page for the current year.
- 3) Detailed computations of any items on page three of the premium tax form.
- 4) 2004 NH Business Enterprise tax form. Do not attach Federal Income Tax Return. **Do not deduct any estimated payments which will be applied to calendar year 2005 Business Enterprise Tax.**
- 5) Documents substantiating any reduction and/or credits taken on premium tax form.

PAGE ONE INSTRUCTIONS

COMPANY NAME – enter company name

BUSINESS ADDRESS – enter **complete** company address, street, city, state, zip.

TYPE OF COMPANY - enter LIF for Life Insurance Company

FEDERAL TAX ID NUMBER - enter the company's nine-digit federal tax id number

NAIC GROUP CODE - enter the company's four digit NAIC group code

NAIC COMPANY CODE - enter the company's five digit NAIC company code

STATE OF DOMICILE - enter the two-letter abbreviation of the company's state of domicile.

PLEASE INDICATE AMOUNT OF TAX PAYMENT AND METHOD OF TAX PAYMENT.

PLEASE INDICATE LICENSE FOR VARIABLE ANNUITIES: YES (Y) NO (N)

PLEASE INDICATE IF THE COMPANY HAS AMENDED ITS ARTICLES OF AGREEMENT (Y/N)

PLEASE INDICATE IF THE COMPANY HAS AMENDED ITS BYLAWS (Y/N)

Complete the sworn statement and have this statement properly notarized by a notary public.

PAGE TWO INSTRUCTIONS

LICENSING, FILING AND DOCUMENT FEES

Include in this section only fees and charges relating to the filing of the annual statement, licensing of the company, and other documents fees. Fees and assessments computed on the basis of premiums written must be included in the appropriate section below.

RETALIATION

NH retaliates on a tax for tax and fee for fee basis.

OTHER TAXES

If the company's domestic state imposes any additional fees and/or taxes upon NH companies, these fees and taxes must be included herein. Complete detailed computations must be provided

If the company calculates retaliatory assessments and taxes on allocations other than the predetermined percentages provided by the domestic state, these allocations must have been approved and be utilized in the calculation of taxes for the domestic state to be properly used for NH filing purposes. The company should include adequate explanation with their premium tax statement.

Items to be included here:

Franchise Tax

Corporate Tax

District/Municipality Tax

County/City/Canadian Province Tax

Investment Tax

Corporate Registration Fee

OTHER ASSESSMENTS

Include all special and general assessments that are levied against NH domiciled companies operating in your domestic state.

Include all other assessments. Do not include fees relating to filing of the annual statements and/or licensing of the company. These fees should be included under Licensing and Filing Fees.

Include:

Cost Containment Fee

Financial Regulation Fee

State Rating Bureau Assessment

Attorney General Assessment

Fraud Assessment

Actuary

Rate Hearing

Police Pension Fund

Insurance Department Maintenance

Any other assessments applicable to NH domestic companies in the company's domestic state.

Line 21 -- Insurance Department Maintenance

Compute the domestic state assessment for column 3. Place the NH Administrative Assessment paid during calendar year 2005 on line 21 in the NH basis column. Subtract the NH basis from the domestic state basis and insert the excess in column 4. **Column four should not be less than zero.**

PAGE THREE INSTRUCTIONS

Line 1. Life premiums included by state in schedule T should be included here. Column two should be the NH taxable premiums, while column three contains the domestic state tax rate and taxable premiums. Enter the domestic state tax in column four.

Line 2. Annuity premiums if taxable by the domestic state. Indicate applicable rate and taxable amounts in column three. Enter the domestic state tax in column four.

Line 3 and 4. If the company's domestic state has the same tax rate for both group and individual A&H premiums, enter all premiums per schedule T in line three. Indicate the rate and taxable amounts in column three and the domestic state tax in column four.

Line 4. To be used if the company's domestic state has different rates for group and individual A&H premiums. Indicate the rate and taxable premiums in column three and the domestic state tax in column four.

Line 5. Enter the total of other taxable premiums/considerations in column three and the domestic state tax in column four.

Line 6. Unallocated pertains only to NH domestic companies. NH domestics should enter the total amount of all premiums written in the United States for which a premium tax has not been paid.

Line 7. Subtotal should agree to schedule T Line 30 column 2 plus column 4. If your domestic state taxes annuities this subtotal should agree to total columns 2, 3, and 4.

Line 8. Additions to policies by dividends. Additions to policies by dividends are not allocated to state by Schedule T. The amount from Line 6.3 of the state page should be reported on this line. Complete column three and enter the domestic state tax in column four.

Line 9. Enter the amount of any other taxable considerations received.

Lines 11 through 14. Enter dividends to policyholders by type of premium. Enter the NH taxable amount in column two and the domestic state rate and taxable amount in column three. Enter domestic state tax in column four.

Line 15. Enter the amount of premiums written for Federal employee benefit programs *net of dividends*. Enter the NH premiums written and the respective domestic state tax rate and premium amounts in columns two and three. Enter the domestic state tax amount in column four.

Line 16. Additions to policies by dividends. Additions to policies by dividends are not allocated to state by Schedule T. The amount from Line 6.3 of the state page should be reported on this line. Complete column three and enter the domestic state tax in column four.

Line 17. Enter any other taxable considerations. Complete columns two, three, and four.

Line 18. Total deductions, the total of Lines 11 through 17.

Line 19. Net premiums subject to tax, NH basis column 2, state of domicile basis column 3.

Line 20. Tax on net premiums, NH basis column 2, state of domicile basis column 4.

Line 21. Retaliatory Tax. Line 20 column four less line 20 column two.

Line 22. Total NH premium tax, Line 20 column two and retaliatory tax, Line 21, column four. Minimum NH premium tax is \$200.00.

Line 23. Deduct NH Business Enterprise Tax paid in accordance with RSA 77-E. This credit may not reduce the amount on Line 24 below \$0. Only those amounts "incurred" for calendar 2004 may be deducted on this return. Any excess not deducted on this form must be applied in accordance with RSA 400-A:34-a.

Line 24. Premium tax after NH Business Enterprise Tax credit but **not less than zero.**

Line 26. Other taxes payable. Enter the amount from page two line 13, Total Other Taxes.

Line 27. Assessments payable. Enter the amount from page two line 23, Total Assessments.

Line 28. Total Premium Tax Payable. Total of premium tax after NH Business Enterprise Tax credit, other taxes payable, and assessments payable. If this amount is \$40,000 or more, the company is required to make payment by EFT.

If the company is a member of a holding company that collectively is liable for \$40,000 or more, all members of the holding company are required to pay by EFT.

PAYMENTS AND CREDITS

Line 29a. Cash Payments Applied to Estimated Tax

Overpayment March 15, 2005 net of refund and CY 2005 fees.

Any overpayment from March 15, 2005 should first be reduced by filing and annual license fees for calendar year 2005, unless these fees were paid separately. The overpayment on line 31 of the 2004 premium tax return should first be reduced by the ***total of lines 33 and 34 plus any refund provided to the company.***

Only the portion of the March 15, 2005 payment that was applied to estimated tax due March 15, 2005 should be entered here under the March 15 estimate. Cash payments for June 15, 2005, September 15, 2005 and December 15, 2005 should also be entered in the appropriate place.

COMMUNITY DEVELOPMENT PROGRAM (RSA 162:L-10)

Line 29b. The credit arising from amounts contributed in accordance with the NH Community Development Financing Authority should be included on this line. Supporting documentation must accompany the premium tax return. **Any credits applied without supporting documentation will be denied.**

LIFE AND HEALTH INSURANCE GUARANTY FUND ASSOCIATION OF 1996 (RSA 408-B:13)

Line 29c. 20% of Class B assessments made under the Health Insurance Guaranty Assessment Act of 1996 may be included on this line. Only **Class B assessments made in accordance with RSA 408-B** may be included on this line. **Any credits applied without supporting documentation will be denied. Please refer to germane portions of the law included at the end of these instructions.**

OTHER APPROVED CREDITS

Line 29d. Other Approved Credits. This line should be used for any other "pre-approved" credits to premium tax. ***There should be no credits on this line which have not been "pre-approved" by the New Hampshire Insurance Department.***

DO NOT use this line to make adjustment for prior year's premium tax or to include deductions or credits properly applied to a prior calendar year return. These items should be filed with the Department separately from the calendar year 2005 premium tax return.

Line 30. Total lines 29a through 29d.

Line 31. Total taxes payable is equal to total tax liability, line 28 less total payments and credits, line 30.

Line 32. Prepayment due March 15, 2006. Line 28 if \$400 or less with a minimum of \$200, otherwise 25% of line 28.

Line 33. Total filing fees from page 2, line 6.

Line 34. Total license fees from page 2, line 3.

BALANCE DUE (OVERPAYMENT) MARCH 15, 2006

The sum of Lines 31, 32, 33, and 34. This amount is due on or before March 15, 2006.

If payment is made by check, the check should accompany the hardcopy premium tax form or forms. If paid by EFT, the EFT must be made in accordance with instructions provided by this Department.

REFUNDS

Should the company have an overpayment on Line 35, the NH Insurance Department will apply this overpayment to prepayments due during 2006. Should the overpayment exceed the total of estimates due during calendar year 2006, a refund will be issued on or before June 30, 2006. If the company qualifies for a refund, please make no further prepayments during 2006 without first contacting the NH Insurance Department.

TOTAL AMOUNT PAID

Enter the total amount paid at the time of filing this return.

ALL TAX FORMS WITH INSTRUCTIONS ARE AVAILABLE ON OUR WEB SITE:

WWW.NH.GOV/INSURANCE/

ADDITIONALLY, OUR WEB SITE CONTAINS ANSWERS TO FREQUENTLY ASKED QUESTIONS AND I STRONGLY URGE YOU TO USE THIS FACILITY, SINCE THIS IS A BUSY TIME FOR ALL OF US. HOWEVER, IF YOU MUST CALL, I CAN BE REACHED AT (603) 271-7973 EXT 9212.

**MY E-MAIL ADDRESS IS: JANET.COLBY@INS.NH.GOV
THE INSURANCE DEPARTMENT'S FAX NUMBER IS: (603) 271-1406**

**Janet B. Colby
Taxation Officer**

RSA 408-B LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION OF 1996
EFFECTIVE DATE: JANUARY 1, 1996

RSA 408-B:4 DEFINITIONS

VII: "Insolvent insurer" means a member insurer which on or after January 1, 1996, is placed under an order of liquidation by a court of competent jurisdiction with a finding of insolvency.

RSA 408-B:9 ASSESSMENTS

II (b): Class **B assessments** shall be made to the extent necessary to carry out the powers and duties of the association under RSA 408-B:8 with regard to an impaired or an insolvent insurer.

RSA 408-B:13 ASSESSMENT TAX CREDIT

1. A member insurer may offset against its tax liability under RSA 400-A any assessment described in RSA 408-B:9, II(b) for the **life insurance and annuity account, and for the health account for guaranteeing the performance of contractual obligations of an impaired or insolvent insurer in regard to disability income coverages only**, to the extent of 20 percent of the amount of the assessment for each of the 5 calendar years following the year in which the assessment was paid. If a member insurer ceases doing business, all unaccredited assessments described above may be credited against its tax liability under RSA 400-A for the year it ceases doing business.

II. Any sums acquired by refund from the association by member insurers, as stated in RSA 408-B:9, VI, and which were previously offset against taxes as described in paragraph I, shall be paid by these insurers to the state of New Hampshire in the manner required by the commissioner. The association shall notify the commissioner that refunds have been made.

This law provides an effective date of January 1, 1996. Only those Class B assessments for insolvencies occurring on or after January 1, 1996 are affected by this law.

For insolvencies occurring on or after January 1, 1996, 20% of the assessment may be credited against premium tax beginning the calendar year following the year in which the assessment was paid. The earliest credit will be allowed as an offset against premium tax for calendar year 1997.

ANY ASSESSMENTS MADE UNDER RSA 404-D ARE NOT ELIGIBLE CREDITS AGAINST PREMIUM TAX.